

House File 761 - Enrolled

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HOUSE FILE 761

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1 3 AN ACT
1 4 RELATING TO IMPROVEMENT OF THE EARLY CARE, CHILD CARE
1 5 SERVICES, EDUCATION, HEALTH, AND HUMAN SERVICES SYSTEMS,
1 6 REVISING THE CHILD AND DEPENDENT CARE TAX CREDIT, CREATING
1 7 AN EARLY CHILDHOOD DEVELOPMENT TAX CREDIT, AND PROVIDING
1 8 AN APPLICABILITY DATE.
1 9
1 10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
1 11
1 12 DIVISION I
1 13 IOWA EMPOWERMENT BOARD
1 14 Section 1. Section 28.1, Code 2005, is amended by adding
1 15 the following new subsection:
1 16 NEW SUBSECTION. 3A. "Early care", "early care services",
1 17 or "early care system" means the programs, services, support,
1 18 or other assistance made available to a parent or other person
1 19 who is involved with addressing the health and education needs
1 20 of a child from birth through age five. "Early care", "early
1 21 care services", or "early care system" includes but is not
1 22 limited to public and private efforts and formal and informal
1 23 settings.
1 24 Sec. 2. Section 28.2, subsection 3, Code 2005, is amended
1 25 to read as follows:
1 26 3. To achieve the initial set of desired results, the
1 27 initiative's primary focus shall first be on the efforts of
1 28 the state and communities to work together to improve the
1 29 efficiency and effectiveness of early care, education, health,
1 30 and human services provided to families with children from
1 31 birth through age five years.
1 32 Sec. 3. Section 28.3, subsections 1 and 2, Code 2005, are
1 33 amended to read as follows:
1 34 1. An Iowa empowerment board is created to facilitate
1 35 state and community efforts involving community empowerment
2 1 areas, including strategic planning, funding identification,
2 2 and guidance, and to promote collaboration among state and
2 3 local early care, education, health, and human services
2 4 programs.
2 5 2. The Iowa board shall consist of eighteen voting members
2 6 with thirteen citizen members and five state agency members.
2 7 The five state agency members shall be the directors of the
2 8 following departments: economic development, education, human
2 9 rights, human services, and public health. The thirteen
2 10 citizen members shall be appointed by the governor, subject to
2 11 confirmation by the senate. The governor's appointments of
2 12 citizen members shall be made in a manner so that each of the
2 13 state's congressional districts is represented by two citizen
2 14 members and so that all the appointments as a whole reflect
2 15 the ethnic, cultural, social, and economic diversity of the
2 16 state. The governor's appointees shall be selected from
2 17 individuals nominated by community empowerment area boards.
2 18 The nominations shall reflect the range of interests
2 19 represented on the community boards so that the governor is
2 20 able to appoint one or more members each for early care,
2 21 education, health, human services, business, faith, and public
2 22 interests. At least one of the citizen members shall be a
2 23 service consumer or the parent of a service consumer. Terms
2 24 of office of all citizen members are three years. A vacancy
2 25 on the board shall be filled in the same manner as the
2 26 original appointment for the balance of the unexpired term.
2 27 Sec. 4. Section 28.3, subsection 5, Code 2005, is amended
2 28 to read as follows:
2 29 5. A community empowerment assistance team or teams of
2 30 state agency representatives shall be designated to provide
2 31 technical assistance and other support to community
2 32 empowerment areas and for the board's efforts to address early
2 33 care, education, health, and human services. A technical
2 34 assistance system shall be developed using local
2 35 representatives of the state agencies represented on the Iowa
3 1 board and other state agencies and individuals involved with
3 2 local ~~community empowerment areas~~ early care, education,
3 3 health, and human services. ~~The technical assistance shall be~~
~~3 4 available in at least three levels of support as follows:~~
3 5 a. ~~Support to areas experienced in operating an innovation~~

3 6 zone or decategorization project with an extensive record of
3 7 ~~success in collaboration between education, health, or human~~
3 8 ~~services interests.~~
3 9 ~~b. Support to areas experienced in operating an innovation~~
3 10 ~~zone or decategorization project.~~
3 11 ~~c. Support to areas forming an initial community~~
3 12 ~~empowerment area with no previous experience operating an~~
3 13 ~~innovation zone or decategorization project.~~
3 14 Sec. 5. Section 28.3, subsection 6, paragraph b, Code
3 15 2005, is amended to read as follows:
3 16 b. In addition, a community empowerment office is
3 17 established as a division of the department of management to
3 18 provide a center for facilitation, communication, and
3 19 coordination for community empowerment activities and funding
3 20 and for improvement of the early care, education, health, and
3 21 human services systems. Staffing for the community
3 22 empowerment office shall be provided by a facilitator or
3 23 coordinator appointed by the governor, subject to confirmation
3 24 by the senate, and who serves at the pleasure of the governor.
3 25 A deputy and support staff may be designated, subject to
3 26 appropriation made for this purpose. The facilitator or
3 27 coordinator shall submit reports to the governor, the Iowa
3 28 board, and the general assembly. The facilitator shall
3 29 provide primary staffing to the board, coordinate state
3 30 technical assistance activities and implementation of the
3 31 technical assistance system, and other communication and
3 32 coordination functions to move authority and decision-making
3 33 responsibility from the state to communities and individuals.
3 34 Sec. 6. Section 28.3, Code 2005, is amended by adding the
3 35 following new subsection:
4 1 NEW SUBSECTION. 6A. The director of the department of
4 2 management shall designate early care staff, as part of the
4 3 community empowerment initiative, to provide coordination and
4 4 other support to the state's early care system. The early
4 5 care staff shall work with the state and local components of
4 6 the community empowerment initiative, shared visions programs
4 7 funded under chapter 256A, and other public and private
4 8 efforts to improve the early care system. The early care
4 9 staff duties shall include but are not limited to the
4 10 following:
4 11 a. Providing support to the public and private
4 12 stakeholders who are involved with the early care system,
4 13 acting to strengthen the early care system, and developing
4 14 accountability measures for early care efforts.
4 15 b. Developing and disseminating accountability measures
4 16 for assessing the outcomes produced by the department of
4 17 education, the community empowerment initiative, and other
4 18 publicly funded efforts to improve early care of young
4 19 children, including but not limited to shared visions and
4 20 other programs provided under the auspices of the child
4 21 development coordinating council, high-quality preschool
4 22 programs, head start programs, and school ready children grant
4 23 programs. The initial measures utilized shall be the
4 24 individual growth and development indicators developed by the
4 25 early childhood research institute on measuring growth and
4 26 development or other measures of high quality to be authorized
4 27 by law.
4 28 c. Collecting, interpreting, and redisseminating data
4 29 collected from the measures for assessing outcomes under
4 30 paragraph "b". Factors subject to interpretation may include
4 31 area demographics, relative expenditures, collaboration
4 32 between programs in an area, and other factors impacting the
4 33 outcomes produced by an individual program.
4 34 d. Annually providing information to the governor and
4 35 general assembly regarding the outcomes produced by individual
5 1 programs. The information shall be included in the Iowa
5 2 empowerment board's annual report.
5 3 Sec. 7. Section 28.4, subsection 4, Code 2005, is amended
5 4 to read as follows:
5 5 4. Identify boards, commissions, committees, and other
5 6 bodies in state government with overlapping and similar
5 7 purposes which contribute to redundancy and fragmentation in
5 8 early care, education, health, and human services programs
5 9 provided to the public. The board shall also make
5 10 recommendations and provide an annually updated strategic plan
5 11 to the governor and general assembly as appropriate for
5 12 increasing coordination between these bodies, for eliminating
5 13 bureaucratic duplication, for consolidation where appropriate,
5 14 and for improving the efficiency of working with federally
5 15 mandated bodies, for integration of services and service
5 16 quality functions to achieve improved results, and for

~~5 17 integration of state-administered funding streams directed to~~
~~5 18 community empowerment areas and other community-based efforts~~
~~5 19 for providing early care, education, health, and human~~
~~5 20 services.~~

5 21 Sec. 8. Section 28.4, subsection 12, paragraph d, Code
5 22 2005, is amended to read as follows:
5 23 d. The Iowa empowerment board shall regularly make
5 24 information available identifying community empowerment
5 25 funding and funding distributed ~~through the funding streams~~
~~5 26 listed under this paragraph "d" to communities for purposes of~~
~~5 27 the early care system.~~ It is the intent of the general
5 28 assembly that the community empowerment area boards and the
5 29 administrators of the early care programs located within the
5 30 community empowerment areas that are supported by ~~the listed~~
~~5 31 funding streams~~ public funding shall fully cooperate with one
5 32 another ~~on or before the indicated fiscal years,~~ in order to
5 33 avoid duplication, enhance efforts, combine planning, and take
5 34 other steps to best utilize the funding to meet the needs of
5 35 the families in the areas. The community empowerment area
6 1 boards and the program administrators shall annually submit a
6 2 report concerning such efforts to the community empowerment
6 3 office. If a community empowerment area is receiving a school
6 4 ready children grant, this report shall be an addendum to the
6 5 annual report required under section 28.8. The state
6 6 community empowerment facilitator or coordinator shall compile
6 7 and summarize the reports which shall be submitted to the
6 8 governor, general assembly, and Iowa board. ~~The funding~~
~~6 9 streams shall include all of the following:~~

~~6 10 (1) Moneys for the healthy opportunities for parents to~~
~~6 11 experience success--healthy families Iowa program under~~
~~6 12 section 135.106 by the fiscal year beginning July 1, 2000, and~~
~~6 13 ending June 30, 2001.~~

~~6 14 (2) Moneys for parent education appropriated in section~~
~~6 15 279.51 and distributed through the child development~~
~~6 16 coordinating council, by the fiscal year beginning July 1,~~
~~6 17 2000, and ending June 30, 2001.~~

~~6 18 (3) Moneys for the preschool children at-risk program~~
~~6 19 appropriated in section 279.51 and distributed through the~~
~~6 20 child development coordinating council, by the fiscal year~~
~~6 21 beginning July 1, 2001, and ending June 30, 2002.~~

~~6 22 (4) Moneys for home visitation and parent support annually~~
~~6 23 appropriated to the department of human services and~~
~~6 24 distributed or expended through child abuse prevention grants~~
~~6 25 and the family preservation program, by the fiscal year~~
~~6 26 beginning July 1, 2000, and ending June 30, 2001.~~

6 27 Sec. 9. Section 28.4, Code 2005, is amended by adding the
6 28 following new subsections:
6 29 NEW SUBSECTION. 13. Integrate statewide quality standards
6 30 and results indicators adopted by other boards and commissions
6 31 into the Iowa empowerment board's funding requirements for
6 32 investments in early care, education, health, and human
6 33 services.

6 34 NEW SUBSECTION. 14. With the assistance of the state
6 35 departments represented on the Iowa empowerment board and the
7 1 community empowerment office, develop and implement
7 2 requirements for community empowerment areas and the state
7 3 administrators of programs providing early care or early care
7 4 services to annually report to the public and the early care
7 5 coordinator regarding the results produced by the community
7 6 empowerment initiative and by the programs. Source data shall
7 7 be made available to the early care coordinator.

7 8 Sec. 10. Section 28.5, subsection 1, Code 2005, is amended
7 9 to read as follows:

7 10 1. The purpose of a community empowerment area is to
7 11 enable local citizens to lead collaborative efforts involving
7 12 early care, education, health, and human services programs on
7 13 behalf of the children, families, and other citizens residing
7 14 in the area. Leadership functions may include but are not
7 15 limited to strategic planning for and oversight and managing
7 16 of such programs and the funding made available to the
7 17 community empowerment area for such programs from federal,
7 18 state, local, and private sources. The initial focus of the
7 19 purpose is to improve results for families with young
7 20 children.

7 21 Sec. 11. Section 28.6, subsection 1, paragraph a, Code
7 22 2005, is amended to read as follows:
7 23 a. Community empowerment area functions shall be performed
7 24 under the authority of a community empowerment area board. A
7 25 majority of the members of a community board shall be elected
7 26 officials and members of the public who are not employed by a
7 27 provider of services to or for the community board. At least

7 28 one member shall be a service consumer or the parent of a
7 29 service consumer. Terms of office of community board members
7 30 shall be not more than three years and the terms shall be
7 31 staggered. The membership of a community empowerment area
7 32 board shall include members with early care, education,
7 33 health, human services, business, faith, and public interests.

7 34 Sec. 12. Section 28.8, subsection 5, paragraph a, Code
7 35 2005, is amended to read as follows:

8 1 a. A school ready children grant shall be awarded to a
8 2 community board for a three-year period, with annual payments
8 3 made to the community board. The Iowa empowerment board may
8 4 grant an extension from the award date and any application
8 5 deadlines based upon the award date, to allow for a later
8 6 implementation date in the initial year in which a community
8 7 board submits a comprehensive school ready grant plan to the
8 8 Iowa empowerment board. However, receipt of continued funding
8 9 is subject to submission of the required annual report and the
8 10 Iowa board's determination that the community board is
8 11 measuring, through the use of performance and results
8 12 indicators developed by the Iowa board with input from
8 13 community boards, progress toward and is achieving the desired
8 14 results identified in the grant plan. If progress is not
8 15 measured through the use of performance and results indicators
8 16 toward achieving the identified results, the Iowa board may
8 17 request a plan of corrective action, withhold any increase in
8 18 funding, or ~~may~~ withdraw grant funding.

8 19 Sec. 13. Section 28.8, subsection 5, paragraph c,
8 20 unnumbered paragraph 1, Code 2005, is amended to read as
8 21 follows:

8 22 A community board's readiness shall be ascertained by
8 23 evidence of successful collaboration among public or private
8 24 early care, education, ~~human services, or health, or human~~
8 25 services interests or a documented program design evincing a
8 26 strong likelihood of leading to a successful collaboration
8 27 between these interests. Other criteria which may be used by
8 28 the Iowa board to ascertain readiness and to determine funding
8 29 amounts include one or more of the following:

8 30 Sec. 14. Section 28.8, subsection 5, Code 2005, is amended
8 31 by adding the following new paragraph:

8 32 NEW PARAGRAPH. e. The Iowa empowerment board shall
8 33 identify and apply limitations on the carryforward of school
8 34 ready children grant funding. The limitations shall address
8 35 an unusually high percentage of a grant being carried forward,
9 1 the number of years a grant has been carried forward which
9 2 shall not exceed three years, and other objective criteria.
9 3 The limitations shall make allowances for special
9 4 circumstances such as the carryforward of funding that is
9 5 designated for a particular purpose and is scheduled in the
9 6 grant plan. The board may provide for redistribution or other
9 7 redirection of the funding that meets the criteria.

9 8 Sec. 15. NEW SECTION. 28.10 EARLY CARE == INTERNET
9 9 WEBPAGE.

9 10 1. The Iowa empowerment board shall provide for the
9 11 operation of an internet webpage for purposes of widely
9 12 distributing early care information provided by the
9 13 departments represented on the board and the public and
9 14 private agencies addressing the early care system.

9 15 2. Information provided on the internet webpage shall
9 16 include but is not limited to all of the following:

9 17 a. The early learning standards for children ages three to
9 18 five proposed by the early learning standards group created
9 19 pursuant to federal child care and development block grant
9 20 requirements and with assistance from the Iowa child care and
9 21 early education network, department of education, department
9 22 of human services, Iowa head start association, and Iowa state
9 23 university of science and technology, as prepared with
9 24 consideration of the standards and recommendations issued by
9 25 the United States department of education regarding early
9 26 childhood cognitive development and learning and preschool and
9 27 research-based standards for high-quality early care,
9 28 including but not limited to the practices identified by the
9 29 institute of education sciences of the United States
9 30 department of education. As early learning standards are
9 31 identified in law, the proposed standards posted on the
9 32 webpage shall be replaced with the standards identified in
9 33 law.

9 34 b. A link to a special webpage directed to parents,
9 35 including parent-specific information on early care,
10 1 information regarding the early childhood development credits
10 2 under section 422.12C, and links to other resources available
10 3 on the internet and from other sources.

10 4 c. Program standards for early care that have been
10 5 approved by state agencies.

10 6 d. A single point of contact for use by a parent in
10 7 accessing the community empowerment area programs and early
10 8 care programs that are available in the parent's area.

10 9 3. The Iowa empowerment board shall include information
10 10 regarding the extent and frequency of usage of the webpage or
10 11 webpages in the board's annual report to the governor and
10 12 general assembly.

10 13 Sec. 16. NEW SECTION. 279.60 KINDERGARTEN ASSESSMENT.

10 14 Each school district shall administer the dynamic
10 15 indicators of basic early literacy skills kindergarten
10 16 benchmark assessment or other kindergarten benchmark
10 17 assessment adopted by the department of education in
10 18 consultation with the Iowa empowerment board to every
10 19 kindergarten student enrolled in the district not later than
10 20 October 1. The school district shall also collect information
10 21 from each parent, guardian, or legal custodian of a
10 22 kindergarten student enrolled in the district, including but
10 23 not limited to whether the student attended preschool, factors
10 24 identified by the early care staff pursuant to section 28.3,
10 25 and other demographic factors. Each school district shall
10 26 report the results of the assessment and the preschool
10 27 information collected to the department of education in the
10 28 manner prescribed by the department not later than January 1
10 29 of that school year. The early care staff designated pursuant
10 30 to section 28.3 shall have access to the raw data. The
10 31 department shall review the information submitted pursuant to
10 32 this section and shall submit its findings and recommendations
10 33 annually in a report to the governor, the general assembly,
10 34 the Iowa empowerment board, and the community empowerment area
10 35 boards.

11 1 Sec. 17. EARLY CARE AND CHILD CARE PROVIDER INCENTIVES.

11 2 The Iowa empowerment board shall conduct a study of incentives
11 3 that can be made available to persons who provide early care,
11 4 as defined in section 28.1, as amended in this Act, and child
11 5 care, including but not limited to providers of child care
11 6 regulated by the department of human services or the
11 7 department of education, preschools, head start programs, and
11 8 other persons who have no or limited benefit packages and
11 9 provide services to children. The incentives studied shall
11 10 include but are not limited to forgivable loans for higher
11 11 education expenses, health care benefits, and retirement
11 12 benefits. The board shall report to the governor and general
11 13 assembly on or before December 16, 2005, with findings,
11 14 recommendations, and a fiscal analysis of options.

11 15 Sec. 18. EARLY CARE INTEGRATION PLAN. The community
11 16 empowerment office of the department of management, with the
11 17 assistance of the departments represented on the Iowa
11 18 empowerment board, shall develop a plan to integrate the
11 19 efforts of the state agency staff who have job functions
11 20 directed to the early care system, as defined in section 28.1,
11 21 as amended in this Act. The plan shall be submitted to the
11 22 chairpersons and ranking members of the committees on human
11 23 resources and education of the senate and the house of
11 24 representatives on or before December 16, 2006.

11 25 Sec. 19. IMPLEMENTATION OF INTERNET WEBPAGE. The internet
11 26 webpage required pursuant to section 28.10, as enacted by this
11 27 Act, shall be implemented on or before March 1, 2006.

11 28 DIVISION II

11 29 CHILD CARE QUALITY RATING

11 30 Sec. 20. Section 237A.30, Code 2005, is amended by
11 31 striking the section and inserting in lieu thereof the
11 32 following:

11 33 237A.30 VOLUNTARY CHILD CARE QUALITY RATING SYSTEM.

11 34 1. The department shall work with the community
11 35 empowerment office of the department of management established
12 1 in section 28.3 and the state child care advisory council in
12 2 designing and implementing a voluntary quality rating system
12 3 for each provider type of child care facility.

12 4 2. The criteria utilized for the rating system may include
12 5 but are not limited to any of the following: facility type;
12 6 provider staff experience, education, training, and
12 7 credentials; facility director education and training; an
12 8 environmental rating score or other direct assessment
12 9 environmental methodology; national accreditation; facility
12 10 history of compliance with law and rules; child-to-staff
12 11 ratio; curriculum, including the extent to which the
12 12 curriculum focuses on the stages of child development and on
12 13 child outcomes; business practices; staff retention rates;
12 14 evaluation of staff members and program practices; staff

12 15 compensation and benefit practices; provider and staff
12 16 membership in professional early childhood organizations; and
12 17 parental involvement with the facility.
12 18 3. A facility's quality rating may be included on the
12 19 internet page and in the consumer information provided by the
12 20 department pursuant to section 237A.25 and shall be identified
12 21 in the child care provider referrals made by child care
12 22 resource and referral service grantees under section 237A.26.
12 23 Sec. 21. PHASED IMPLEMENTATION.
12 24 1. Effective July 1, 2005, the department of human
12 25 services shall no longer accept applications for the gold seal
12 26 quality designation for child care providers under section
12 27 237A.30, Code 2005. However, if a child care provider has
12 28 been awarded the designation prior to July 1, 2005, the
12 29 designation may continue to be utilized for that provider
12 30 until the designated period of nationally recognized
12 31 accreditation for which the gold seal designation was awarded
12 32 has ended.

12 33 2. The department of human services shall commence
12 34 implementation of the voluntary child care quality rating
12 35 system under section 237A.30, as amended by this Act, by
13 1 awarding ratings beginning on or after January 1, 2006. The
13 2 department may modify implementation of the rating system and
13 3 the rating system itself as necessary to conform to the
13 4 funding made available for the rating system for the fiscal
13 5 year beginning July 1, 2005.

13 6 Sec. 22. FEDERAL COORDINATION INITIATIVE. If an
13 7 opportunity is offered by the federal government and the
13 8 department of management, in consultation with the relevant
13 9 state agency directors and the Iowa head start association,
13 10 has determined that participation in the opportunity would not
13 11 adversely affect head start programs in Iowa, the Iowa
13 12 empowerment board and the state agencies represented on the
13 13 board shall apply for Iowa to participate in a head start
13 14 pilot program designed to promote coordination of state head
13 15 start, preschool, and child care programs into a comprehensive
13 16 early childhood system.

13 17 DIVISION III

13 18 EARLY CHILDHOOD DEVELOPMENT TAX CREDIT

13 19 Sec. 23. Section 422.12C, subsection 1, paragraph f, Code
13 20 2005, is amended to read as follows:

13 21 f. For a taxpayer with net income of forty thousand
13 22 dollars or more, ~~zero but less than forty-five thousand~~
13 23 ~~dollars, thirty percent.~~

13 24 Sec. 24. Section 422.12C, subsection 1, Code 2005, is
13 25 amended by adding the following new paragraph:

13 26 NEW PARAGRAPH. g. For a taxpayer with net income of
13 27 forty-five thousand dollars or more, zero percent.

13 28 Sec. 25. Section 422.12C, Code 2005, is amended by adding
13 29 the following new subsection:

13 30 NEW SUBSECTION. 1A. a. In lieu of the child and
13 31 dependent care credit authorized in subsection 1, a taxpayer
13 32 may claim an early childhood development tax credit equal to
13 33 twenty-five percent of the first one thousand dollars which
13 34 the taxpayer has paid to others for each dependent, as defined
13 35 in the Internal Revenue Code, ages three through five for
14 1 early childhood development expenses. In determining the
14 2 amount of early childhood development expenses, such expenses
14 3 paid during November and December of the previous tax year
14 4 shall be considered paid in the tax year for which the tax
14 5 credit is claimed. This credit is available to a taxpayer
14 6 whose net income is less than forty-five thousand dollars. If
14 7 the early childhood development tax credit is claimed for a
14 8 tax year, the taxpayer and the taxpayer's spouse shall not
14 9 claim the child and dependent care credit under subsection 1.
14 10 As used in this subsection, "early childhood development
14 11 expenses" means services provided to the dependent by a
14 12 preschool, as defined in section 237A.1, materials, and other
14 13 activities as follows:

14 14 (1) Books that improve child development, including
14 15 textbooks, music books, art books, teacher's editions, and
14 16 reading books.

14 17 (2) Instructional materials required to be used in a child
14 18 development or educational lesson activity, including but not
14 19 limited to paper, notebooks, pencils, and art supplies.

14 20 (3) Lesson plans and curricula.

14 21 (4) Child development and educational activities outside
14 22 the home, including drama, art, music, and museum activities,
14 23 and the entrance fees for such activities, but not including
14 24 food or lodging, membership fees, or other nonacademic
14 25 expenses.

14 26 "Early childhood development expenses" does not include
14 27 services, materials, or activities for the teaching of
14 28 religious tenets, doctrines, or worship, the purpose of which
14 29 is to inculcate those tenets, doctrines, or worship.
14 30 b. Each taxpayer intending to claim a credit under this
14 31 subsection shall apply, on forms provided by the department,
14 32 for the credit by filing a notice with the department no later
14 33 than November 1 of the tax year to which the credit is
14 34 applicable. The notice shall provide supporting documentation
14 35 as required by the department. The department shall compute
15 1 the total amount of credits contained in the notices received
15 2 by the department. The total amount of credits that may be
15 3 approved for any fiscal year for purposes of this subsection
15 4 is limited to two million five hundred thousand dollars. If
15 5 tax credits under this subsection exceed this limit, each
15 6 taxpayer shall receive a pro rata amount of the credit as
15 7 determined by the department. The department shall notify the
15 8 taxpayer of the amount of the taxpayer's credit no later than
15 9 January 1 following the deadline for receipt of the notice.

15 10 Sec. 26. Section 422.12C, subsection 3, Code 2005, is
15 11 amended to read as follows:

15 12 3. Married taxpayers who have filed joint federal returns
15 13 electing to file separate returns or to file separately on a
15 14 combined return form must determine the child and dependent
15 15 care credit under subsection 1 or the early childhood
15 16 development tax credit under subsection 1A based upon their
15 17 combined net income and allocate the total credit amount to
15 18 each spouse in the proportion that each spouse's respective
15 19 net income bears to the total combined net income.
15 20 Nonresidents or part-year residents of Iowa must determine
15 21 their Iowa child and dependent care credit in the ratio of
15 22 their Iowa source net income to their all source net income.
15 23 Nonresidents or part-year residents who are married and elect
15 24 to file separate returns or to file separately on a combined
15 25 return form must allocate the Iowa child and dependent care
15 26 credit between the spouses in the ratio of each spouse's Iowa
15 27 source net income to the combined Iowa source net income of
15 28 the taxpayers.

15 29 Sec. 27. APPLICABILITY DATE. This division of this Act
15 30 applies to tax years beginning on or after January 1, 2006.

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15 34 _____
15 35 CHRISTOPHER C. RANTS
Speaker of the House

16 1
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16 4 _____
16 5 JOHN P. KIBBIE
16 6 President of the Senate

16 7 I hereby certify that this bill originated in the House and
16 8 is known as House File 761, Eighty-first General Assembly.
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16 12 _____
16 13 MARGARET THOMSON
16 14 Chief Clerk of the House

16 15 Approved _____, 2005
16 16
16 17

16 18 _____
16 19 THOMAS J. VILSACK
Governor